Warner Brothers to slash over 10 percent of its workforce

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4 November 2014

Warner Bros., a division of Time Warner Inc., last month announced that it would cut its operating costs by $200 million. The cost-cutting plan is expected to involve more than 1,000 layoffs, or more than 10 percent of the company's workforce of 8,000 people.

Chief Executive Kevin Tsujihara told investors, "We are firmly committed to improving our margins. Through that process we have committed to cutting costs significantly." Warner Bros. recently finished in third place among rival studios for box office share, the worst showing in over a decade. The studio has made $1.08 billion in movie sales in the US and Canada so far this year, down nearly 15 percent from last year. Overall, the major studios, including 20th Century Fox and Disney, have made $7.25 billion domestically, down almost 5 percent compared to last year, according to Box Office Mojo.

To compensate for a disappointing box office season, the studio announced a series of sequels and spinoffs based on the DC Comics, Harry Potter, and LEGO franchises. Job cuts would nevertheless be "across the studio."

The layoffs were announced after a recent attempt by Rupert Murdoch, CEO of 21st Century Fox, to buy Time Warner for $80 billion. Time Warner CEO Jeff Bewkes rejected the offer and is now going forward with layoffs to prove to Wall Street he made the right decision. As he put it, layoffs will "prioritize investment in programming, monetization and innovation as near- and long-term drivers of growth."

Despite using the sluggish box office season as a pretext for mass layoffs, Time Warner is doing better than ever. Its second quarter ended on June 30 with an adjusted operating income of $1.6 billion, a 17 percent increase, on top of $6.8 billion in revenues, which are up 3 percent. Time Warner will nevertheless cut 2,600 jobs before the end of the month, including 150 employees at HBO, nearly 7 percent of its staff. Turner Broadcasting, which includes CNN, TNT, TBS, TCM, and Cartoon Network, will eliminate 1,475 jobs out of a total of 13,000 employees worldwide.

CNN CEO Jeff Zucker has already laid off 170 staff and offered early buyout packages to 130 older employees. CNN newscaster Christiane Amanpour lost her New York staff, and the entertainment news division in Los Angeles, Atlanta, and New York were closed. CNN's Washington bureau is also expected to be hit by layoffs.

Time Warner has repurchased 51 million shares, for a total of $3.5 billion year-to-date through August 1, 2014. An additional $5 billion in share repurchases has been approved by the company's board. The purpose of such moves is to drive up the share price, in order to further enrich the company's executives and millionaire shareholders.

While the media and the political establishment hails these companies' CEOs as "job creators" nothing could be further from the truth. At the beck and call of Wall Street, the media conglomerates sacrifice the livelihoods of their workers even in times of rising profits in order to drive up their share values and satisfy the demands of Wall Street.